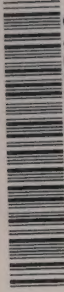


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ONTARIO ENERGY CORPORATION







Investment philosophy

The purpose of the Ontario Energy Corporation is best described by the words of the Act which brought it into being, namely to:

“Invest or otherwise participate in energy projects throughout Canada or elsewhere in order to:

- Enhance the availability of energy in Ontario;
- Stimulate exploration for and the development of sources of energy;
- Stimulate expansion of the capability to produce energy;
- Encourage investment in energy projects and the effective use of financial, human and other resources in energy projects; and,
- Encourage the development of processes and equipment that will avoid the wasteful use of energy and that will minimize the harm to the environment.”

The Ontario Energy Corporation:

A unique organization

The Ontario Energy Corporation works with the private sector to secure reliable sources of energy for Ontario's present and future needs.

Created by the Ontario government in 1974, the Corporation is a unique combination of public and private enterprise. Although all shares are held by the Minister of Energy, the OEC is self-financing and operates under an independent Board of Directors. Its methods and structures are, therefore, those of a private investment corporation; its mandate is to implement provincial energy policy. The Ontario Energy Corporation invests in energy projects which benefit the people of Ontario.



Investment criteria

The Ontario Energy Corporation is constantly assessing investment opportunities. Before making a decision on any project, it considers carefully such issues as:

- Will there be an overall benefit to the public, such as a positive effect on employment and the balance of payments, or technological benefits to the province's manufacturing sector?
- Is the expected rate of return at least equal to the Ontario Government's borrowing rate at the time of participation?
- Will a share of the project's tangible assets or other commercial property secure the OEC's investment?
- To what degree will OEC participation encourage additional investment from the private sector?

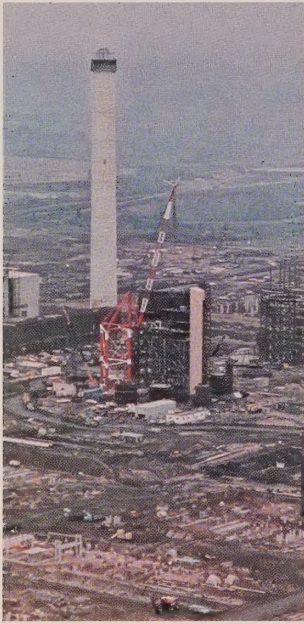


Equity investments

The Ontario Energy Corporation is not in the grant giving business. Instead, it invests on an equity basis. This provides an opportunity for the OEC to be an active participant, sharing in the risks as well as the returns. The Corporation serves as a commercial agent for energy ventures by:

- Participating in high risk ventures
- Providing equity capital
- Promoting new technology-based ventures
- Acting as a catalyst
- Bringing private interests together for potential business ventures
- Marketing ideas in the private sector.

In short, the Ontario Energy Corporation is an investment vehicle actively pursuing commercial energy opportunities in Ontario and elsewhere. With the private sector, it is working to develop an indigenous energy base for Ontario as well as to secure access to out-of-province conventional energy supplies.



Corporate growth

One of the Corporation's first investments was in the Syncrude Oil Sands Development. In 1975, at a cost of \$100 million, the OEC acquired a five percent interest in Syncrude. Three years later, when the Syncrude plant became operational, the Ontario Energy Corporation sold its interest. With the sale, the Corporation repaid all the money the Ontario Government had invested in it with interest. The remaining \$35 million was used to recapitalize the Corporation and for future investment.

Following the success of its Syncrude venture, the Corporation was restructured, with a new mandate that allowed greater investment flexibility, especially in the area of renewable and recoverable resources. As part of its new structure, the Corporation established four subsidiaries: **Ontario Energy Resources Ltd.**, **Ontario Alternate Energy Ltd.**, **Ontario Powershare Ltd.**, and **Ontario Energy in Transportation Ltd.**

Ontario Energy Resources Ltd.

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Ontario Energy Resources Ltd. is active in the development and management of projects involving the exploration and development of conventional, non-renewable resources.

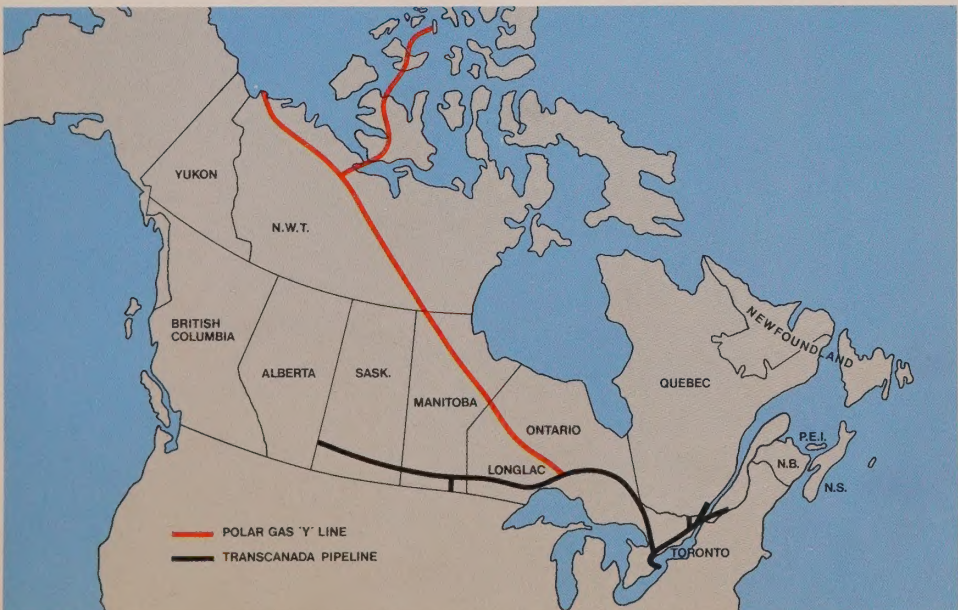


Polar Gas Project

The Ontario Energy Corporation is a joint-venture partner with TransCanada PipeLines, Petro-Canada, Tenneco and Panarctic in the Polar Gas project. This \$7.1 billion (1978 dollars) project proposes to build a pipeline to transport Arctic natural gas reserves to southern markets. The proposed "Y-line" will connect MacKenzie Delta/Beaufort Sea and Arctic Island natural gas reserves with the Trans-Canada PipeLine near Longlac, Ontario.



Polar Gas studies have shown that a pipeline system is the most reliable and economically feasible way to transport natural gas. The Y-line could, by the early 1990's, carry 2.1 billion cubic feet of gas per day to southern Canadian markets.





James Bay Lignite Exploration Program

Ontario Energy Resources Ltd. initiated a lignite exploration in the James Bay Cretaceous Basin in 1980. Preliminary geological investigation which included surface reconnaissance and outcrop sampling has already confirmed the presence of lignite. An expanded exploration program over a 3 year period is planned.

Hudson Bay Oil and Gas Exploration Program

The Ontario Energy Corporation is working together with two private companies to explore for oil and gas in a 72 million acre area on the Hudson Bay sea bed. The five-year project could involve expenditures of up to \$50 million. A significant discovery in this area could provide Ontario with an accessible and dependable oil and gas source within 10 or 12 years.

Ontario Alternate Energy Ltd.

Ontario Alternate Energy Ltd. participates in commercially attractive projects which explore creative alternatives to conventional sources of energy.



SWARU Electricity from Waste Project

The Ontario Energy Corporation is a partner in an exciting energy-from-waste project, at a municipal solid waste incineration plant now operating in Hamilton. This Solid Waste Recovery Unit (SWARU) is already demonstrating the benefits of this type of resource recovery. Under a joint-venture agreement signed March 11, 1981, between the Ontario Energy Corporation and Tricil Ltd., a 4 megawatt turbine generator will be installed at the SWARU plant. The steam produced from burning garbage will



drive the turbines to generate electrical power equivalent to 800,000 gallons of fuel oil per year – enough to heat about 1,300 homes. This is the first commercial electric generation facility in Canada to be fueled by municipal solid waste. It is regarded as a model throughout North America.





Alternate Transportation Fuels

Following the Ontario Government's Alternative Transportation Fuels policy and strategy announced in February 1981, the Ontario Energy Corporation is developing alternate fuels for transportation. Feed-stock inventory and use, production of methanol and ethanol, gasification technology, storage, transportation, distribution and marketing, are all part of Ontario Alternate Energy's area of activity.

Ontario PowerShare Ltd.

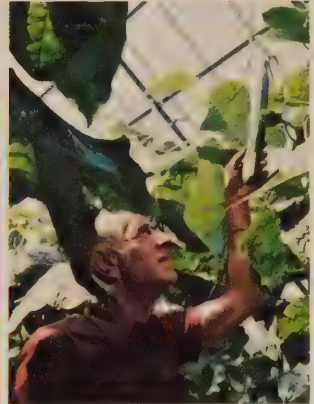
Nuclear power produces steam which can be used for both the generation of electricity and for industrial and agricultural purposes. Ontario PowerShare Ltd., applies its expertise to maximizing energy efficiency through cogeneration and by-product heat use.



The Bruce Energy Centre

The Bruce Energy Centre has evolved from a 1976 proposal to use the waste moderator cooling water from Ontario Hydro's Bruce Nuclear Power Development to heat greenhouses and supply warm water to fish farms. This concept was broadened when it was discovered that low-cost steam suitable for industrial use could also be obtained from the nuclear plants. The Bruce Energy Centre is a total energy concept which will consist of industrial, agricultural and aquacultural facilities.

The experimental phase of the proposed



agricultural park is underway. The OEC and its five joint-venture partners have constructed a one acre prototype greenhouse that simulates the growing conditions that will result once the steam is available. Tomatoes, green peppers and cucumbers are being grown commercially at this test site. Consumer response in





the Kincardine, Port Elgin and surrounding area has been excellent.

The Bruce Energy Centre development will be undertaken by a new joint venture which will oversee activities in three areas: the Bruce AgriPark, the Bruce Industrial Park and the Bruce Thermal Utility. BTU will be a publicly-regulated, privately owned pipeline company which will transport and sell steam to industrial and agricultural users.

The Bruce Energy Centre project has attracted the enthusiastic support of the neighbouring communities. The Ontario Energy Corporation, through its subsidiary Ontario Power-Share Ltd., will continue to lead in the development of the energy centre concept and in pioneering new and efficient uses of thermal energy in Ontario.

Ontario Energy in Transportation Ltd.

Ontario Energy in Transportation Ltd. is active in the development and management of projects involving the efficient use of energy in the transportation sector.



Ontario Van Pool Organization Ltd.

The Ontario Van Pool Organization Ltd. (OVPO) was established as an affiliate company of the Ontario Energy Corporation in April 1980 to promote energy conservation in Ontario through vanpooling. The self-financing aspects of vanpooling were tested through a pilot project that reached a van fleet size of 25. An additional 75 vans are planned for the next stage of the venture.

Teleride Joint Venture

The Ontario Energy Corporation, Ontario Energy in Transportation and Teleride Corporation have entered a joint venture called Computerized Transportation Systems to design, develop and market these systems. A pilot project in Mississauga, Ontario, saw public transit ridership increases of 10 to 35 per cent through the use of a talking computer which answered passengers' telephone calls and provided information on transit schedules.



SAGE Project

The Ontario Energy Corporation through Ontario Energy in Transportation, is working together with SAGE, a management consulting group, to demonstrate the potential of computers to make transit management more efficient and economical. This project complements the Teleride program by assisting transit managers as opposed to transit riders.

As a result of these two projects, Teleride and SAGE, the Ontario Energy Corporation has become North America's leader in computerized transit technology.



The Ontario Energy Corporation

is an entrepreneur in the field of energy development. Its role is to work with rather than displace the private sector. The challenge of developing secure energy sources will lead to the discovery of imaginative, practical ways of meeting that objective and the OEC looks for partners who share that belief.

Ontario
Energy
Corporation



The office of the Ontario
Energy Corporation
is located at
1200 Bay Street,
11th floor,
Toronto, Ontario
M5R 2A6,
Telephone 965-6276.

